

House Study Bill 648 - Introduced

HOUSE FILE _____

BY (PROPOSED COMMITTEE ON
ECONOMIC GROWTH/REBUILD
IOWA BILL BY CHAIRPERSON
GRASSLEY)

A BILL FOR

1 An Act relating to the amount allowable as an innovation fund
2 investment tax credit, making the credit transferable, and
3 including effective date and retroactive applicability
4 provisions.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 15E.52, subsection 3, Code Supplement
2 2011, is amended to read as follows:

3 3. The amount of a tax credit allowed under this section
4 shall equal ~~twenty percent of the following percentage of the~~
5 taxpayer's equity investment in an innovation fund:

6 a. For equity investments made in fiscal years beginning on
7 or after July 1, 2011, and ending on or before June 30, 2014,
8 one hundred percent.

9 b. For equity investments made in the fiscal year beginning
10 on July 1, 2014, seventy-five percent.

11 c. For equity investments made in the fiscal year beginning
12 on July 1, 2015, fifty percent.

13 d. For equity investments made in fiscal years beginning on
14 or after July 1, 2016, twenty percent.

15 Sec. 2. Section 15E.52, subsection 5, paragraph a, Code
16 Supplement 2011, is amended to read as follows:

17 a. The board shall issue certificates under this section
18 which may be redeemed for tax credits. The board shall issue
19 such certificates so that not more than the amount allocated
20 for such tax credits under section 15.119, subsection 2, may be
21 claimed. ~~The certificates shall not be transferable.~~

22 Sec. 3. Section 15E.52, subsection 5, Code Supplement 2011,
23 is amended by adding the following new paragraph:

24 NEW PARAGRAPH. c. (1) Tax credit certificates issued
25 under this section may be transferred to any person or entity.
26 Within ninety days of transfer, the transferee shall submit the
27 transferred tax credit certificate to the department of revenue
28 along with a statement containing the transferee's name, tax
29 identification number, and address, the denomination that each
30 replacement tax credit certificate is to carry, and any other
31 information required by the department of revenue.

32 (2) Within thirty days of receiving the transferred
33 tax credit certificate and the transferee's statement, the
34 department of revenue shall issue one or more replacement
35 tax credit certificates to the transferee. Each replacement

1 tax credit certificate must contain the information required
2 for the original tax credit certificate and must have the
3 same expiration date that appeared in the original tax credit
4 certificate. Tax credit certificate amounts of less than the
5 minimum amount established by rule of the economic development
6 authority shall not be transferable.

7 (3) A tax credit shall not be claimed by a transferee
8 under this section until a replacement tax credit certificate
9 identifying the transferee as the proper holder has been
10 issued. The transferee may use the amount of the tax credit
11 transferred against the taxes imposed in chapter 422, divisions
12 II, III, and V, and in chapter 432, and against the moneys and
13 credits tax imposed in section 533.329, for any tax year the
14 original transferor could have claimed the tax credit. Any
15 consideration received for the transfer of the tax credit shall
16 not be included as income under chapter 422, divisions II, III,
17 and V, under chapter 432, or against the moneys and credits tax
18 imposed in section 533.329. Any consideration paid for the
19 transfer of the tax credit shall not be deducted from income
20 under chapter 422, divisions II, III, and V, under chapter
21 432, or against the moneys and credits tax imposed in section
22 533.329.

23 Sec. 4. EFFECTIVE UPON ENACTMENT. This Act, being deemed of
24 immediate importance, takes effect upon enactment.

25 Sec. 5. RETROACTIVE APPLICABILITY. This Act applies
26 retroactively to July 1, 2011, for innovation fund tax credit
27 certificates issued on or after that date.

28 EXPLANATION

29 This bill changes the amount allowable as an innovation
30 fund investment tax credit under Code section 15E.52. Under
31 current law, the credit is equal to 20 percent of a taxpayer's
32 equity investment in an innovation fund. The bill changes the
33 credit amount to 100 percent of an equity investment made in
34 fiscal years beginning July 1, 2011, July 1, 2012, and July 1,
35 2013, 75 percent for the fiscal year beginning July 1, 2014,

1 50 percent for the fiscal year beginning July 1, 2015, and 20
2 percent for fiscal years beginning on or after July 1, 2016.

3 The bill also makes the tax credit transferable and
4 establishes procedures for transferring the credit to another
5 person or entity. The bill is effective upon enactment and
6 applies retroactively to July 1, 2011, for innovation fund tax
7 credit certificates issued on or after that date.